

Report of Examination of the Accounts of

THE STUDENT UNION MEMORIAL BUILDING

UNIVERSITY OF ARIZONA

July 1, 1957 to June 30, 1958

Report No. 42

Office of the General Examiner
for the Board of Regents of
the University and State Colleges of Arizona

EXAMINATION OF STUDENT UNION MEMORIAL BUILDING ACCOUNTS

AT THE UNIVERSITY OF ARIZONA

To the Board of Regents of the
University and State Colleges of Arizona

The report covering the examination of the accounts of
the Student Union Memorial Building of the University of
Arizona for the fiscal year ended June 30, 1958 is presented
herewith.

The financial statements submitted with this report show
net income of \$14,659 for this enterprise for the year 1957-58.
This compares with net income of \$50,965 reported for the
1956-57 fiscal year.

Respectfully submitted,



Alvred B. Nettleton
General Examiner

UNIVERSITY OF ARIZONA
STUDENT UNION MEMORIAL BUILDING
EXAMINATION REPORT
JULY 1, 1957 TO JUNE 30, 1958

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UNIVERSITY OF ARIZONA

STUDENT UNION MEMORIAL BUILDING

EXAMINATION REPORT

JULY 1, 1957 TO JUNE 30, 1958

FINANCIAL SUMMARY

The combined net income of all departments of the Student Union Memorial Building for the fiscal year ended June 30, 1958 was \$14,659. This was \$36,306 less than the net income of \$50,965 reported for the preceding fiscal year ended June 30, 1956.

Total gross income (sales plus fees and miscellaneous income) was \$120,004 more in 1957-58 than in 1956-57, but total expenses increased \$156,310 for the same period. Every category of expense increased in 1957-58, except the provision for doubtful accounts.

In the examination report for 1956-57 it was pointed out that, on the basis of interim reports available to January 31, 1958, an unfavorable profit result for 1957-58 should be expected. The decrease in net income may be attributed to increasing costs of doing business without general increases in selling prices, plus abnormal expenses connected with the beginning of operation of the new food service facilities in the basement of the Student Union Building. Also, the total food service facilities, increased by 420 seats in the basement, were not utilized at as high a per cent of total capacity as they were prior to the addition.

The present outlook for increased net income in 1958-59 is not particularly favorable. Selling prices of meal tickets have been increased in September 1958 from last year's price of \$1.80 per day for a three-meal ticket to \$1.90, and some increases have been made in a la carte entree prices. However, food costs continue upward and wage rate increases went into effect July 1, 1958. The best hope for profit improvement lies in an increase in the per cent of capacity at which the food service facilities operate in 1958-59. There is indication of an improvement in this factor as of September 1958.

COMMENTS ON 1957-58 OPERATING RESULTS

Comparison of 1957-58 Results with Preceding Year

The following tabulation compares the operating results for the various departments of the Student Union for the fiscal years 1957-58 and 1956-57:

	<u>1957-58</u>	<u>1956-57</u>	<u>Increase (Decrease)</u>
Net Operating Income (Loss) of Selling Departments:			
Food Service	\$ 8,989	\$ 27,559	\$(18,570)
Games Room	2,424	4,904	(2,480)
Information and Checking	75	(204)	279
Vending	6,577	7,138	(561)
<u>Total Net Operating Income</u>	<u>18,065</u>	<u>39,397</u>	<u>(21,332)</u>
Student Fees	116,152	107,324	8,828
Miscellaneous Income	4,142	2,327	1,815
<u>Total Net Operating and Other Income</u>	<u>138,359</u>	<u>149,048</u>	<u>(10,689)</u>
Less: Other Expenses	123,700	98,083	25,617
<u>Net Income</u>	<u>\$ 14,659</u>	<u>\$ 50,965</u>	<u>\$(36,306)</u>

Three of the four selling departments recorded decreases in net operating income for 1957-58. Information and Checking showed a small net operating income compared with an operating loss in preceding years.

The increase in income from fees was due to an increase in student enrollment and also to a change made in this report in the method of allocating first term summer session fees collected in June between the two fiscal years involved in the

first term. In previous years a portion of the fees collected in June has been considered deferred income to be included in income of the following fiscal year. No such deferment was made at the close of 1957-58 because it was felt that the amount involved (approximately \$1,600 in 1956-57) was not sufficient to warrant the complications involved in an accurate apportionment. All summer session fees collected in June 1958 were considered income of 1957-58.

Other expenses increased substantially. The principal increases were \$4,377 in Administration and \$18,634 in maintenance (\$12,479 occurring in repairs and \$3,442 in wages).

Food Service Department Operating Results

The income and expenses of the Food Service Department for 1957-58 are reported in Schedule 1, together with comparative amounts and percentages for 1956-57. Analyses of amounts appearing in Schedule 1 are presented in the paragraphs which follow.

Food Sales

Total sales of \$694,280 for this department in 1957-58 showed an increase of \$109,177 over total sales for 1956-57. This represented an increase of 18.7%, which was mainly attributable to increased volume since no material price increases occurred during the year.

The divisional distribution of food service sales for 1957-58 and 1956-57 is compared in the table below:

	<u>1957-58</u>		<u>1956-57</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Cafeteria:				
A la Carte Meals	\$ 121,618	17.5%	\$ 147,527	25.2%
Meal Tickets	79,500	11.5	75,899	13.0
Employee Meals	7,418	1.1	8,282	1.4
Infirmary Meals	5,961	.8	3,095	.5
<u>Total Cafeteria Sales</u>	<u>214,497</u>	<u>30.9</u>	<u>234,803</u>	<u>40.1</u>
Fountain	214,984	31.0	263,607	45.1
Louie's Lower Level	166,361	24.0	-0-	-0-
Faculty and Staff Dining Room	14,913	2.1	13,501	2.3
Catering and Miscellaneous	83,525	12.0	73,192	12.5
<u>Total Food Service Sales</u>	<u>\$ 694,280</u>	<u>100.0%</u>	<u>\$ 585,103</u>	<u>100.0%</u>

The above analysis shows that sales made in Louie's Lower Level, opened in November 1957, amounted to 24% of total food service sales for the entire year. As a result of sales made in Louie's Lower Level total sales dollars decreased substantially in the cafeteria and fountain, but the total sales of all divisions combined increased \$109,177.

Gross Margin on Sales

The effect of rising food costs, with selling prices substantially unchanged, is shown in the decrease in the percent of gross margin from 51.3% of sales in 1956-57 to 50.2% in 1957-78. Had the gross margin been held at 51.3% the net operating profit of the food service department would have been approximately \$7,600 higher in 1957-58 than it actually was. Selling price increases established in 1958-59 should cause a small improvement in the gross margin percentage.

Operating Expenses

Total operating expenses increased from 46.6% of sales in 1956-57 to 48.9% in 1957-58. Salaries and wages increased from 35% to 35.8%. Supplies increased from 3.4% to 4.3%. Several other expense categories increased .1% or .2%. Most of the operating expense increase probably can be attributed to operation at a lower level of capacity than in the preceding year due to additional facilities becoming available in excess of the immediate demand.

Net Operating Income

As a result of increased food costs and higher operating expenses described above, the net operating income of this department dropped \$18,570 in 1957-58 in spite of increased sales of \$109,177. In terms of percent of total sales, net operating income declined from 4.7% to 1.3%.

Other Selling Departments

Games Room (Schedule 2)

The gross margin of this department in 1957-58 and 1956-57 is analyzed as follows:

	<u>1957-58</u>	<u>1956-57</u>	<u>Increase (Decrease)</u>
Sale of Candy, Tobacco, etc.	\$ 5,843	\$ 5,010	\$ 833
Cost of Sales	5,228	4,465	763
Gross Margin on Sales	615	545	70
Income from Pool and Billiards	9,070	10,527	(1,457)
Income from Table Tennis	2,100	2,142	(42)
<u>Total Indicated Gross Margin</u>	<u>11,785</u>	<u>13,214</u>	<u>(1,429)</u>
Cash Over (Short)	(37)	55	(92)
<u>Gross Margin per Schedule 2</u>	<u>\$ 11,748</u>	<u>\$ 13,269</u>	<u>\$(1,521)</u>

The percent of gross margin on sales of candy and tobacco decreased from 10.9% in 1956-57 to 10.5% in 1957-58. Since 13-16% gross margin is considered normal on sales of this type, and since the Games Room has not achieved such results in the past two years, it is obvious that something is amiss.

Income from pool, billiards, and table tennis has declined substantially from the levels of several years ago, the drop in 1957-58 being especially marked with respect to pool and billiards.

Improvement in operation of the Games Room imposes an important problem requiring solution by the Student Union Building Management.

Information and Checking (Schedule 3)

Sales increased \$1,824 in 1957-58 over 1956-57. The percent of gross margin also increased 1.2%, amounting to 16.5% in 1957-58 compared with 15.3% in 1956-57. The increase in sales, coupled with the improvement in gross margin percentage, more than offset an increase of \$171 in total operating expenses and left net operating income of \$75. In 1956-57 a net operating loss of \$204 occurred.

Vending (Schedule 4)

Gross income from sales of vending machines in 1957-58 totaled \$11,257. This was \$882 less than 1956-57 total gross income of \$12,139. Gross income from the various types of vending machines in 1957-58 and 1956-57 is compared as follows:

	<u>1957-58</u>	<u>1956-57</u>	<u>Increase (Decrease)</u>
Coca Cola	\$ 3,553	\$ 3,946	\$(393)
Seven-up	1,269	799	470
Pin Ball	3,828	3,529	299
Juke Box	675	1,074	(399)
Ice Cream	1,854	2,599	(745)
Milk	51	142	(91)
Scales	27	50	(23)
	<u>\$ 11,257</u>	<u>\$ 12,139</u>	<u>\$(882)</u>

The gross margin on sales of those machines for which the Student Union purchases and inserts the merchandise amounted to 39.5% of sales in 1957-58 compared with 40.6% of sales in 1956-57.

As a result of the decrease of \$882 in gross income and the 1.1% decline in gross margin percent, and with total operating expenses remaining the same as in the preceding year, this department had \$561 less net income in 1957-58 than in 1956-57.

Other Income and Expenses

Student Fees

Income from Student Union Building fees (collected as a part of the total registration fee) totaled \$116,152, an increase of \$8,828 over total income from this source in 1956-57. As stated previously, no portion of first term 1958 summer session fees collected in June 1958 was deferred to 1958-59 income. This change in method of recognizing fee income in 1957-58 accounts for approximately \$1,600 of the increase shown. The remainder of the increase was due to increased student enrollment.

Other Expenses (Schedule 5)

Expense categories in this group, representing general overhead expenses and expenses of the Post Office, increased by a total of \$25,464 in 1957-58. Administration increased \$4,377, Maintenance \$18,634, Post Office \$1,534, and Activities \$919. The largest single increase was \$12,479 in Maintenance-Repairs.

As the age of the building and original equipment increases, heavier repair expense naturally results. Also, use of the building and facilities by an ever-increasing number of students and guests causes increases in general maintenance and administrative expenses. However, these overhead expenses should be watched constantly by the Student Union Director and his assistants to avoid excessive expenditures.

COMMENTS ON BALANCE SHEET ITEMS

Only those assets and liabilities in the June 30, 1958 balance sheet (Exhibit B) showing substantial changes in amount from June 30, 1957 are commented upon herein.

<u>Cash on Deposit - Equipment Replacement Fund</u>	<u>\$ 7,986</u>
<u>Investments - Equipment Replacement Fund</u>	<u>\$59,299</u>

The equipment replacement fund consisted of cash and investments in the above amounts at June 30, 1958. Investments are reported at cost.

The increase in investments during the year 1957-58 reflects the purchase of an additional 1,419 shares of stock of Fidelity Fund, bringing the total purchased to 2,649 shares. In addition to the shares purchased, 284 full shares have been acquired through the immediate reinvestment of dividends. Therefore, the total investment in the Fidelity Fund amounted to 2,933 full shares at June 30, 1958. Cash paid for 2,649 shares purchased totaled \$40,055, which is the amount at which this investment is carried in Exhibit B. The cash value of the dividends reinvested amounted to \$3,779. However, no income was recorded upon receipt of the dividends, and no corresponding increase reflected in the investment balance, because the market value of the stock has been below the total of original cost plus cash value of dividends. At June 30, 1958 the market value of 2,933 shares was \$38,275, which is \$1,780 less than the original purchase cost and \$5,559 less than original purchase cost plus cash value of dividends reinvested.

In addition to the stock of the Fidelity Fund, the investments held for the equipment replacement fund consisted of \$20,000 2-1/2% U. S. Treasury bonds of 11/15/1961 purchased for \$19,244.

<u>Sinking Fund for Bond Retirement</u>	<u>\$11,185</u>
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The sinking fund decreased \$24,903 during 1957-58. The decrease reflects the special call and retirement in 1957-58 of \$25,000 Student Union Building bonds. The funds for this retirement had been drawn from operating cash and placed in the sinking fund prior to June 30, 1957.

<u>Building</u>	<u>\$1,038,578</u>
<u>Equipment</u>	<u>\$265,402</u>

Investment in building increased \$51,508 and in equipment \$67,964. The major factor causing the increase in these two categories of assets was the development of additional food service facilities in the basement of the Union Building costing \$102,324. The funds were provided by legislative appropriation.

<u>Capital (Donated) Surplus</u>	<u>\$856,028</u>
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The increase of \$102,324 in this account during 1957-58 reflects the amount used of the above mentioned legislative appropriation for expansion of food service facilities. This account represents the portion of cost of the building and equipment provided from sources other than the original bond issue or from operating revenue.

<u>Unappropriated Surplus</u>	<u>\$51,570</u>
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The increase of \$14,659 in 1957-58 represents net income for the year.

The special retirement of bonds in amount of \$25,000 on January 1, 1958 was charged to the reserve created June 30, 1957 by transfer of that amount from unappropriated surplus.

COMMENTS ON ACCOUNTING PROCEDURES

Review of the accounting records for 1957-58 has resulted in several recommendations with respect to the manner of recording certain data. These recommendations were discussed with the Financial Manager and are being put into effect, hence are not repeated here.

SUMMARY OF RECOMMENDATIONS

1. The decreasing gross margin percent resulting from sales of candy and tobacco in the Games Room indicates that the recommendation made in the examination report for 1956-57 that the present candy and tobacco counter might profitably be replaced with coin operated vending machines is even more pertinent now,
(Page 3)

Exhibit A

University of Arizona

Student Union Memorial Building

Combined Statement of Income and Expenses

for the Years Ended June 30, 1958 and 1957

	<u>1957-58</u>	<u>1956-57</u>	<u>Increase (Decrease)</u>
<u>Sales</u>	<u>\$ 735,913</u>	<u>\$ 626,552</u>	<u>\$ 109,361</u>
<u>Cost of Sales</u>			
Inventory, Beginning of Year	14,672	15,123	
Purchases	367,190	302,873	
<u>Total</u>	<u>381,862</u>	<u>317,996</u>	
Inventory, End of Year	15,436	14,672	
<u>Cost of Sales</u>	<u>366,426</u>	<u>303,324</u>	<u>63,102</u>
<u>Gross Margin on Sales</u>	<u>369,487</u>	<u>323,228</u>	<u>46,259</u>
<u>Operating Expenses (Selling Depts.)</u>			
Salaries	30,650	16,063	14,587
Wages	225,759	195,868	29,891
Supplies	30,688	20,284	10,404
Utilities	16,267	12,928	3,339
Laundry	10,489	8,337	2,152
Insurance and Payroll Taxes	14,079	10,959	3,120
Repairs	3,297	2,624	673
Equipment Depreciation	14,812	12,543	2,269
Miscellaneous	5,381	4,225	1,156
<u>Total Operating Expenses</u>	<u>351,422</u>	<u>283,831</u>	<u>67,591</u>
<u>Net Operating Income (Selling Depts.)</u>	<u>18,065</u>	<u>39,397</u>	<u>(21,332)</u>
<u>Other Income</u>			
Student Fees	116,152	107,324	8,828
Miscellaneous	4,142	2,327	1,815
<u>Total Other Income</u>	<u>120,294</u>	<u>109,651</u>	<u>10,643</u>
<u>Net Operating and Other Income</u>	<u>138,359</u>	<u>149,048</u>	<u>(10,689)</u>
<u>Other Expenses</u>			
Activities	2,259	1,340	919
Administration	33,980	29,603	4,377
Maintenance	51,337	32,703	18,634
Post Office	9,531	7,997	1,534
Bond Service	26,348	26,166	182
Provision for Doubtful Accounts	245	274	(29)
<u>Total Other Expenses</u>	<u>123,700</u>	<u>98,083</u>	<u>25,617</u>
<u>Net Income for the Year</u>	<u>\$ 14,659</u>	<u>\$ 50,965</u>	<u>\$(36,306)</u>

University of Arizona
Student Union Memorial Building

Balance Sheet

June 30, 1958 and 1957

	<u>June 30</u> <u>1958</u>	<u>June 30</u> <u>1957</u>	<u>Increase</u> <u>(Decrease)</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash on Deposit at Bus. Office	\$ 37,853	\$ 34,119	\$ 3,734
Cash on Deposit - Equip. Repl. Fund	7,986	26,686	(18,700)
Deposit in Transit	2,064	347	1,717
Change Funds	4,880	3,500	1,380
Restricted Fund	292	1,338	(1,046)
Accounts Receivable (Less: Prov. for Doubtful)	11,794	11,210	584
Inventories	15,436	14,672	764
Prepaid Insurance	632	314	318
<u>Total Current Assets</u>	<u>80,937</u>	<u>92,186</u>	<u>(11,249)</u>
<u>Investments</u>			
Bond Sinking Fund Cash and Secur.	11,185	36,088	(24,903)
Equip. Repl. Fund Securities	59,299	39,305	19,994
<u>Total Investments</u>	<u>70,484</u>	<u>75,393</u>	<u>(4,909)</u>
<u>Fixed Assets</u>			
Building (Cost, Incl. Add. & Remod.)	1,038,578	987,070	51,508
Less: Accum. Amortization	142,000	99,000	43,000
Building - After Amortization	896,578	888,070	8,508
Equipment	265,402	197,438	67,964
Less: Accum. Depreciation	83,350	65,992	17,358
Equipment - After Depreciation	182,052	131,446	50,606
<u>Total Fixed Assets</u>	<u>1,078,630</u>	<u>1,019,516</u>	<u>59,114</u>
<u>Total Assets</u>	<u>1,230,051</u>	<u>1,187,095</u>	<u>42,956</u>
<u>Liabilities and Fund Balance</u>			
<u>Current Liabilities</u>			
Accounts Payable	9,305	13,992	(4,687)
Contract Payable	-0-	702	(702)
Bonds Payable Within One Year	19,000	18,000	1,000
Deferred Income	268	2,286	(2,018)
Due to Bus. Off. for Change Funds	4,880	3,500	1,380
<u>Total Current Liabilities</u>	<u>33,453</u>	<u>38,480</u>	<u>(5,027)</u>
<u>Long Term Liabilities</u>			
Bonds Payable After One Year	239,000	283,000	(44,000)
<u>Total Liabilities</u>	<u>272,453</u>	<u>321,480</u>	<u>(49,027)</u>
<u>Fund Balance</u>			
Capital (Donated Surplus)	856,028	753,704	102,324
Reserve for Working Capital	50,000	50,000	-0-
Reserve for Spec. Retirement of Bonds	-0-	25,000	(25,000)
Unappropriated Surplus	51,570	36,911	14,659
<u>Total Fund Balance</u>	<u>957,598</u>	<u>865,615</u>	<u>91,983</u>
<u>Total Liabilities and Fund Balance</u>	<u>\$ 1,230,051</u>	<u>\$ 1,187,095</u>	<u>\$ 42,956</u>

Exhibit C

University of Arizona
Student Union Memorial Building
Condensed Statement of Source and Use of Funds
July 1, 1957 to June 30, 1958

Funds Derived from

Net Income for 1957-58 (Exhibit A)	\$ 14,659
Add: Depreciation Charged to Operations in 1957-58, Not Requiring Outlay of Funds	18,661
Bond Premium Expensed in 1957-58, Funds Provided from Prior Year's Payment to Sinking Fund	<u>813</u>
<u>Total Provided from Operations</u>	34,133
Special State Appropriation for Building Alteration and Equipment	102,323
Decrease in Net Working Capital	<u>5,222</u>
<u>Total Funds Provided</u>	<u>\$ 141,678</u>

Funds Used for

Investments Purchased for Equipment Replacement Fund	\$ 19,994
Building Alteration and Remodeling	51,508
Purchase of Additional Equipment	69,266
Added to Sinking Fund	<u>910</u>
<u>Total Funds Used</u>	<u>\$ 141,678</u>

Schedule 1

University of Arizona
Student Union Memorial Building - Food Service
Statement of Income and Expenses
for the Years Ended June 30, 1958 and 1957

	<u>1957-58</u>		<u>1956-57</u>		<u>Amount</u>
	<u>Amount</u>	<u>% of</u>	<u>Amount</u>	<u>% of</u>	<u>Increase</u>
		<u>Net Sales</u>		<u>Net Sales</u>	<u>(Decrease)</u>
<u>Sales</u>	\$ 694,280	100.0	\$ 585,103	100.0	\$ 109,177
<u>Cost of Sales</u>					
Beginning Inventory	14,204		14,645		
Purchases	346,688		284,247		
<u>Total</u>	<u>360,892</u>		<u>298,892</u>		
Ending Inventory	14,919		14,204		
<u>Cost of Sales</u>	<u>345,973</u>	<u>49.8</u>	<u>284,688</u>	<u>48.7</u>	<u>61,285</u>
<u>Gross Margin on Sales</u>	<u>348,307</u>	<u>50.2</u>	<u>300,415</u>	<u>51.3</u>	<u>47,892</u>
<u>Operating Expenses</u>					
Salaries	26,650	3.8	16,063	2.8	10,587
Wages	221,996	32.0	188,522	32.2	33,474
Supplies	29,626	4.3	19,852	3.4	9,774
Utilities	15,165	2.2	11,886	2.0	3,279
Laundry	10,489	1.5	8,337	1.4	2,152
Ins. and Payroll Taxes	13,570	2.0	10,489	1.8	3,081
Repairs	3,115	.4	2,457	.4	658
Equip. Depreciation	13,336	1.9	11,067	1.9	2,269
Miscellaneous	5,371	.8	4,183	.7	1,188
<u>Total Operating Expenses</u>	<u>339,318</u>	<u>48.9</u>	<u>272,856</u>	<u>46.6</u>	<u>66,462</u>
<u>Net Operating Income</u>	<u>\$ 8,989</u>	<u>1.3</u>	<u>\$ 27,559</u>	<u>4.7</u>	<u>\$ (18,570)</u>

University of Arizona
Student Union Memorial Building - Games Room
Statement of Income and Expenses
for the Years Ended June 30, 1958 and 1957

	<u>1957-58</u>	<u>1956-57</u>	<u>Increase (Decrease)</u>
<u>Sales</u>	<u>\$ 16,976</u>	<u>\$ 17,734</u>	<u>\$(758)</u>
<u>Cost of Sales</u>			
Inventory, Beginning of Year	202	174	
Purchases	5,145	4,493	
<u>Total</u>	<u>5,347</u>	<u>4,667</u>	
Inventory, End of Year	119	202	
<u>Cost of Sales</u>	<u>5,228</u>	<u>4,465</u>	<u>763</u>
<u>Gross Margin on Sales</u>	<u>11,748</u>	<u>13,269</u>	<u>(1,521)</u>
<u>Operating Expenses</u>			
Salaries	4,000	-0-	4,000
Wages	2,006	5,681	(3,675)
Supplies	1,051	432	619
Utilities	629	629	-0-
Insurance and Payroll Taxes	394	363	31
Repairs	169	153	16
Equipment Depreciation	1,065	1,065	-0-
Miscellaneous	10	42	(32)
<u>Total Operating Expenses</u>	<u>9,324</u>	<u>8,365</u>	<u>959</u>
<u>Net Operating Income</u>	<u>\$ 2,424</u>	<u>\$ 4,904</u>	<u>\$(2,480)</u>

Schedule 3

University of Arizona

Student Union Memorial Building - Information and Checking

Statement of Income and Expenses

for the Years Ended June 30, 1958 and 1957

	<u>1957-58</u>	<u>1956-57</u>	<u>Increase (Decrease)</u>
<u>Sales</u>	\$ 13,400	\$ 11,576	\$ 1,824
<u>Cost of Sales</u>			
Inventory, Beginning of Year	-0-	3	
Purchases	11,317	9,806	
<u>Total</u>	<u>11,317</u>	<u>9,809</u>	
Inventory, End of Year	134	-0-	
<u>Cost of Sales</u>	<u>11,183</u>	<u>9,809</u>	<u>1,374</u>
<u>Gross Margin on Sales</u>	<u>2,217</u>	<u>1,767</u>	<u>450</u>
<u>Operating Expenses</u>			
Wages	1,757	1,665	92
Supplies	11	-0-	11
Utilities	173	113	60
Insurance and Payroll Taxes	115	107	8
Repairs	13	13	-0-
Equipment Depreciation	73	73	-0-
<u>Total Operating Expenses</u>	<u>2,142</u>	<u>1,971</u>	<u>171</u>
<u>Net Operating Income (Loss)</u>	<u>\$ 75</u>	<u>\$ (204)</u>	<u>\$ 279</u>

University of Arizona
Student Union Memorial Building - Vending Machines
Statement of Income and Expenses
for the Years Ended June 30, 1958 and 1957

	1957-58	1956-57	Increase (Decrease)
Sales	\$ <u>11,257</u>	\$ 12,139	\$(882)
Cost of Sales			
Inventory, Beginning of Year	266	301	
Purchases	4,040	4,327	
Total	<u>4,306</u>	<u>4,628</u>	
Inventory, End of Year	264	266	
Cost of Sales	<u>4,042</u>	<u>4,362</u>	<u>(320)</u>
Gross Margin on Sales	7,215	<u>7,777</u>	(562)
Operating Expenses			
Utilities	300	300	-0-
Repairs	-0-	1	(1)
Equipment Depreciation	338	338	-0-
Total Operating Expenses	638	639	<u>(1)</u>
Net <u>Operating</u> Income	\$ 6,577	\$ <u>7,138</u>	<u>\$(561)</u>

